

DRINKING WATER

State Revolving Fund

Loan Program and Set-Aside Programs

**Intended Use Plan and Project Priority Lists for
Federal Fiscal Year 2023**

Oct. 1, 2022 through Sept. 30, 2023

Approved by the Missouri Safe Drinking Water Commission – Oct. 11 2022



Table of Contents

MISSOURI DRINKING WATER STATE REVOLVING FUND PROGRAM	1
DWSRF FUNDING AT-A-GLANCE	2
FEDERAL FISCAL YEAR 2023 DRINKING WATER STATE REVOLVING FUND PROGRAM GOALS.....	3
LONG-TERM GOALS:.....	4
SHORT-TERM GOALS:	4
FEDERAL FISCAL YEAR 2023 DRINKING WATER STATE REVOLVING FUND AVAILABLE FUNDING.....	4
DEADLINE, ELIGIBILITY, TERMS, PRIORITIZATION, LISTING PROCESS	5
APPLICATION DEADLINE	5
ELIGIBLE PROJECT TYPES.....	5
ELIGIBLE LOAN APPLICANTS.....	6
TERMS OF FINANCIAL ASSISTANCE	6
PARTICIPANT LOCAL MATCH FINANCING OPTION	6
PROJECT PRIORITIZATION	7
DISTRIBUTION OF FUNDS.....	7
READINESS TO PROCEED	7
INTENDED USE PLAN LISTING PROCESS.....	7
MODIFICATIONS TO PROJECT PRIORITY LISTS	8
ADDITIONAL SUBSIDIZATION	9
ADDITIONAL SUBSIDIZATION WITH LOAN	10
DRINKING WATER ENGINEERING REPORT GRANTS.....	11
DWSRF BIL EMERGING CONTAMINANTS GRANT.....	12
DWSRF BIL LEAD SERVICE LINE REPLACEMENT FUNDING.....	12
DWSRF PLANNING AND DESIGN LOANS	12
PROGRAM COMMITMENTS AND STATE ASSURANCES	12
PLAN FOR TIMELY AND EXPEDITIOUS USE OF FUNDS	12
MISSOURI WATER AND WASTEWATER REVIEW COMMITTEE.....	13
APPENDIX 1: COMPREHENSIVE PROJECT PRIORITY LIST AND FINANCIAL TABLES	14
APPENDIX 2: DRINKING WATER STATE REVOLVING FUND LOAN APPLICATION INSTRUCTIONS	26
APPENDIX 3: DRINKING WATER STATE REVOLVING FUND PROGRAM ADMINISTRATION.....	28
APPENDIX 4: ENVIRONMENTAL PROTECTION AGENCY REQUIREMENTS AND ASSURANCES.....	35
APPENDIX 5: DRINKING WATER STATE REVOLVING FUND PRIORITY POINTS CRITERIA	38
APPENDIX 6: DRINKING WATER STATE REVOLVING FUND ENGINEERING REPORT GRANTS	45

Cover photo: A Rehabilitated Sedimentation Basin from the City of Memphis' Water Treatment Plant.
Photo by Jeremy Rackers.

Missouri Drinking Water State Revolving Fund Program

The Missouri Department of Natural Resources administers the Drinking Water State Revolving Fund (DWSRF). As a condition of a federal agreement with the U.S. Environmental Protection Agency (EPA), the Department must submit an annual plan for the use of federal funds awarded and a strategy for managing the program in accordance with the Safe Drinking Water Act (SDWA). This DWSRF Intended Use Plan (IUP) is the annual plan for Federal Fiscal Year (FFY) 2023.

Missouri applies to the EPA annually for a base capitalization grant to fund its DWSRF program and capacity development programs. These funds, combined with the required state match and interest earnings, are available to Missouri communities in the form of low-interest loans. As the loans are repaid, the money is reused, or revolved, by the program to provide for future projects.

The Bipartisan Infrastructure Law (BIL), also referred to as the Infrastructure Investment and Jobs Act, was signed into law on November 15, 2021. The BIL invests more than \$50 billion over the next 5 years in EPA water infrastructure programs including the SRF. The BIL reauthorized the annual DWSRF capitalization grant allotments and expanded the DWSRF program with three new sources of funding: DWSRF BIL general supplemental funding for all DWSRF eligibilities, DWSRF BIL emerging contaminants funding, with a focus on perfluoroalkyl and polyfluoroalkyl substances, and DWSRF BIL lead service line replacement funding. Missouri will apply to the EPA annually, over the next 5 years, for these capitalization grants.

Approximately \$497 million in loans and additional subsidization has been obligated through the Drinking Water State Revolving Fund since 1996.

The DWSRF loan program was established by the Safe Drinking Water Act Amendments of 1996 to provide a renewable financing source for high-priority public drinking water infrastructure projects. Operation and management of Missouri's DWSRF program is directed by regulations 10 CSR 60-13.020 through 10 CSR 60-13.030 available at sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c60-13.pdf.

The BIL amends the SDWA to include new provisions applicable to the base DWSRF program and unless otherwise directed, applicable to projects funded in whole or in part with funds made available by BIL.

The DWSRF is managed by the Department and the Environmental Improvement and Energy Resources Authority (EIERA). The Department, with oversight from the Safe Drinking Water Commission (SDWC or Commission), is responsible for programmatic functions, including processing applications, priority scoring, IUP preparation, environmental review and permitting, reporting, and financial assistance disbursement and repayment processing. EIERA issues bonds, manages related tax issues and monitors post-issuance compliance. The Department and EIERA work together to maximize the amount of construction that can be supported by the program, and reserve the right refinance, assign, pledge, or leverage any loans originated through the DWSRF Program.

The Department continually refines the DWSRF program to ensure it offers affordable financing to meet today's high priority water quality improvement needs and provides a stable source of funding

for drinking water infrastructure projects well into the future. This IUP summarizes the development and management of the DWSRF Project Priority Lists and state assurances required by federal mandates. It also details the proposed distribution of Missouri's anticipated DWSRF capitalization grants, state match funds, the repayments of previously awarded loans, and the interest earnings from the repayment account deposits for FFY 2023.

DWSRF Funding At-A-Glance

This table summarizes the funding opportunities for FFY 2023, but is not an all-encompassing description of criteria for each. Additional details are contained in subsequent sections of this document.

Funding Opportunity	Eligible Population	Funding Type	Funding Availability	Application	Application Deadline
DWSRF Loan Only	Political subdivisions of the state, not-for-profit corporations providing a wholesale or regional water supply, and investor-owned water utility corporations	Low-interest loan	Competitively scored based on SRF priority point criteria. Funds are usually available for all projects	DWSRF Loan Application	March 1 for first preference, but applications are accepted anytime
DWSRF Loan with Grant	Political subdivisions of the state and not-for-profit corporations providing a wholesale or regional water supply	Low-interest loan with partial grant - up to \$3 million, may not exceed 75 percent of the project funding request	Eligibility is established with a scoring matrix, then competitively scored based on SRF priority point criteria	DWSRF Loan Application	March 1 for first preference, but applications are accepted anytime*
DWSRF Loan with Regional Connection Grant	Political subdivisions of the state and not-for-profit corporations providing a wholesale or regional water supply for regional water connection projects	Low-interest loan with partial grant - up to \$3 million, may not exceed 75 percent of the project funding request	Eligibility established with eligible project, then competitively scored based on SRF priority point criteria	DWSRF Loan Application	March 1 for first preference, but applications are accepted anytime*

DWSRF Planning and Design Interim Loan	Political subdivisions of the state, not-for-profit corporations providing a wholesale or regional water supply	Zero interest interim loan up to 36 months	Competitively scored based on SRF priority point criteria. Funds are usually available for all projects	<u>DWSRF Loan Application</u>	March 1 for first preference, but applications are accepted anytime
DWSRF BIL Emerging Contaminants Grant	Political Subdivisions of the state, not-for-profit corporations providing a wholesale or regional water supply, and investor-owned water utility corporations	100 percent grant up to \$5 million	Eligible for projects to address emerging contaminants in drinking water; then competitively scored based on SRF priority point criteria	<u>DWSRF Loan Application</u>	March 1 for first preference, but applications are accepted anytime
DWSRF BIL Lead Service Line Replacement Loan and Grant	Political Subdivisions of the state, not-for-profit corporations providing a wholesale or regional water supply, and investor-owned water utility corporations	Low-interest loan with partial grant – grant may not exceed 50 percent of the project funding request	Eligible projects are a LSL replacement project or associated activity directly connected to the replacement of LSL	<u>DWSRF Loan Application</u>	March 1 for first preference, but applications are accepted anytime*
DWSRF Engineering Report Grant	Political subdivisions of the state serving 3,300 or less	Grant up to \$30,000 with 20 percent match or max of \$37,500 for disadvantaged applicants	First-come, first-served as long as funds are available	<u>Drinking Water Engineering Report Grant Application</u>	Anytime

*In order to be eligible for grant allocation, the applicant must submit a project application accompanied by an engineering report and documentation of the applicant's debt security instrument.

Federal Fiscal Year 2023 Drinking Water State Revolving Fund Program Goals

Each year, the Department evaluates the operations and the financial structures of the DWSRF to gauge program effectiveness and to improve program services and investment returns. The Department develops both long-term and short-term goals to continually improve the program:

Long-term goals:

- Provide assistance to projects that protect public health by ensuring Missouri citizens served by public water supplies will have water that is safe to drink.
- Provide assistance to projects that increase the long-term sustainability of existing and proposed water systems, and encourage projects to consolidate, interconnect, or regionalize drinking water systems.
- Provide financial assistance to participants, by providing low cost financing with prudent fiscal and credit standards.
- Encourage systems to choose projects with the most cost-effective solutions.
- Protect source water for drinking water systems.
- Manage projects and work efficiently with participants to ensure projects proceed toward a binding commitment in a timely manner.
- Use all funds in a timely and expeditious manner.
- Continue to implement and enhance the Department's Capacity Development Program, which implements a strategy to improve the technical, managerial, and financial capacity of Missouri's public water systems. Additional information is available at <https://dnr.mo.gov/water/business-industry-other-entities/technical-assistance-guidance/public-drinking-water-systems/capacity-development>.
- Remain flexible in the implementation of BIL funding to address a wide variety of local water quality and public health challenges.

Short-term goals:

- Implement a marketing strategy focused on recruiting large projects to increase use of the DWSRF program.
- Utilize additional subsidization incentives to assist disadvantaged communities and regionalization projects.
- Continue to look for ways to increase investment in disadvantaged communities.
- Establish additional technical assistance opportunities to support disadvantaged communities previously unable to complete SRF funding requirements.

Federal Fiscal Year 2023 Drinking Water State Revolving Fund Available Funding

During FFY 2023, the DWSRF program expects to have approximately \$226 million available for loans and additional subsidization. This includes carryover monies from previous years, loan repayments, interest earnings on investments of DWSRF resources, federal capitalization grants and state match. This amount is based on anticipated loan repayments and the state's estimated allocation from the FFY 2022 DWSRF base, general supplemental, emerging contaminants, and lead service line replacement capitalization grants. Project Lists are in Appendix 1.

Through the BIL, the Department has the capability to target its resources to disadvantaged communities designated with affordability criteria, provide technical assistance funds to help publicly owned drinking water systems, and prioritize investments to local communities who are on the

frontlines of emerging contamination and lead exposure and who have few options to finance solutions through traditional programs.

All provisions promulgated through statute, guidance, or regulations issued by EPA for implementation of the programs remain in effect. The BIL appropriations are federal funds, and therefore all equivalency requirements apply.

Deadline, Eligibility, Terms, Prioritization, Listing Process

Application deadline

An entity can submit a DWSRF loan application at any time to the Department. Applications received or postmarked by March 1 will receive priority consideration for funding in the next fiscal year's IUP and consideration for additional subsidization (grant or principal forgiveness) funding. See Appendix 2 for more information about applying for funding.

Eligible project types

Eligible projects include infrastructure improvements that facilitate compliance with national primary drinking water regulations or otherwise significantly advance the public health protection objectives of the Safe Drinking Water Act. Projects may be new construction or the improvement or renovation of existing facilities.

Drinking water projects may include the following:

- Treatment plants
- Transmission and distribution mains
- Supply sources (i.e. wells, interconnections, and surface water intakes)
- Storage facilities
- Water security projects
- Purchase of a reservoir water rights in order to meet drinking water health protection objectives of the Safe Drinking Water Act
- Lead Service Line Replacement (LSL) or associated activities directly connected to the identification, planning, design, and replacement of LSLs

Certain water projects are ineligible for assistance including the following:

- Construction or rehabilitation of dams
- Construction or rehabilitation of most water reservoirs
- Projects needed primarily for fire protection
- Projects needed primarily to serve future population growth

Eligible expenses and allowable construction costs also include engineering costs for planning and design, land if needed for the project, and legal costs associated with the project. Eligible and ineligible expenses are further described in the DWSRF Eligibility Handbook available at epa.gov/drinkingwatersrf/dwsrf-eligibility-handbook.

Eligible loan applicants

- Political subdivisions (including counties, incorporated cities and towns, joint municipal utility commissions, and regional water or sewer districts) that are not owned by the federal government
- Not-for-profit corporations providing a wholesale or regional water supply
- Investor-owned water utility corporations

All eligible applicants must demonstrate technical, managerial, and financial capacity to enter into a binding financial commitment.

Terms of financial assistance

The DWSRF offers a fixed-rate loan with a subsidized target interest rate of 70 percent below the market rate published the week prior to loan closing. The market interest rate is based on The Bond Buyer's 25-Revenue Bond Index, which provides an estimate of the yield on a 30-year revenue bond offered under current market conditions (comparable to an AAA-rated municipal market rate). Loan proceeds must be expended within 36 months of the loan closing.

The standard loan term is 20 years. However, terms of up to 30 years, not to exceed the useful life of the project, are available with up to an additional 0.25 percent interest added to the target interest rate. Applicants with significant existing debt may request to delay the repayment of new debt around the existing debt service, with a customized loan repayment structure, not to exceed the 20 or 30 year loan term. The Department charges an annual fee of up to 0.5 percent of the outstanding loan balance. The fee is used to administer the DWSRF program and to fund other Department activities in accordance with federal regulations.

The DWSRF program makes loans that are evidenced and secured by a borrower's debt obligation. Thus, each applicant must demonstrate it has secured bond authorization with a dedicated repayment source in order to provide the appropriate loan security. The bond is ordinarily a Revenue Bond or a General Obligation Bond, but a Special Obligation Bond may be accepted in certain circumstances. Each borrower must be represented by a Nationally Recognized Bond Counsel, which is an attorney or firm of attorneys with a national reputation for rendering opinions in connection with the issuance of municipal obligations and the tax-exempt status under federal law of interest on such obligations.

The Department may make DWSRF additional subsidization in the form of a grant, typically available in conjunction with a loan for certain eligible projects or principal forgiveness, in accordance with current federal appropriations. See the Additional Subsidization Section for more information.

Participant Local Match Financing Option

The DWSRF program may, at its discretion and on an as-needed basis, offer an incentivized financing arrangement known as local match financing to participants willing to offer a local funding contribution for their project. This local match contribution will provide the program with funds that meet the DWSRF state match obligation for its federal capitalization grants. This financing structure provides an interest rate discount to the participant in exchange for the participant providing a local match contribution equal to 20 percent of the project cost. The local match contribution must be deposited into the DWSRF at loan closing, and is reimbursed to the participant for project costs incurred prior to dispersal of DWSRF loan funds. This financing option

will be offered by the Department to select applicants when the program determines that its need for state match funds outweigh the program growth benefits offered by loan interest repayments.

When the target interest rate at the time of loan closing is 1 percent or less, the local match financing interest rate will be established as zero percent. When the target interest rate at the time of loan closing is over 1 percent, the local match interest rate will be established at the target interest rate minus 100 basis points, or 1 percent.

Project prioritization

The DWSRF Priority Points Criteria (Appendix 5), Distribution-of-Funds and Readiness-to-Proceed Criteria are the basis for project ranking and funding allocation. The priority points criteria describes the criteria used by the Department to prioritize loan applications. The most serious problems are given the highest priority. The readiness-to-proceed criteria describe the minimum criteria an applicant must meet to be eligible to be placed on the fundable list.

Distribution of funds

Missouri law requires the Department to allocate funds by population size category as shown below (for projects that meet the application deadline and readiness-to-proceed criteria), to the extent possible:

- 20 percent to very small community systems serving up to 3,300 people
- 15 percent to small systems serving 3,301 to 9,999 people
- 65 percent to general communities (not restricted by population served)

After the Department allocates funds to all fundable projects within a particular category, it may distribute uncommitted funds from a specific category to another category to fund projects that are ready to proceed. This approach maximizes the availability of funding to meet ready-to-proceed, documented infrastructure needs, and fully commit DWSRF funds as required by federal law.

The Department will consider funding applications for eligible private entity borrowers if funding is still available after all funding applications by political subdivisions have been satisfied.

Readiness to Proceed

A project is ready to proceed when, at a minimum, the applicant has submitted a complete engineering report and has secured bond authorization (or another acceptable debt instrument). A complete engineering report must adequately address the information required by sections 1 through 4 of the Engineering Report Submittal Checklist, <https://dnr.mo.gov/document-search/engineering-report-submittal-checklist-drinking-water-state-revolving-fund-mo-780>.

Intended Use Plan listing process

The Department allocates loan and additional subsidization funding to eligible applicants who have submitted an application by March 1 by listing projects on the annual IUP Project Priority Lists. Applications submitted with an engineering report and documentation of an acceptable debt instrument receive priority for allocation of loan and eligible additional subsidization. The Department may commit loan or grant funds for applications received after March 1 through an amendment to the IUP if funds remain available.

The Department reviews the project applications for DWSRF eligibility and assigns priority points based on the DWSRF Priority Points Criteria to eligible projects. Next, the Department places eligible projects on the DWSRF Project Priority Lists and ranks projects by priority point score within each funding category.

The DWSRF Project Priority Lists contains the following categories:

- **Fundable List:** This list includes projects that meet the readiness-to-proceed criteria, which are those applicants that have submitted a complete engineering report, documentation that the applicant has an acceptable debt instrument and any necessary funding commitments from other state and/or federal agencies contributing funds to the project.

In the event the applicant submits an application but requires further voter authorization of the acceptable debt instrument and has taken all necessary steps to include a proposition for such debt instrument on the ballot for the April election for the current IUP year, then, following voter approval, the Department may consider allocating additional subsidization to the applicant if the engineering report is acceptable and sufficient additional subsidization funds are available after allocating additional subsidization to all applicants that met the readiness to proceed criteria by March 1. The Department will schedule these projects for financial assistance during the current fiscal year, and allocate available loan and additional subsidization funds.

The Fundable Projects List includes four types of projects:

- Very Small Community
- Small Community
- General Community

- **Fundable Contingency List:** This list includes projects that meet the readiness-to-proceed criteria; however, sufficient SRF funding is unavailable or the project is not expected to need funds in the current fiscal year. These projects may receive assistance if funds become available during the fiscal year.
- **Planning List:** This list includes projects for which the Department has received an application but is awaiting submittal of an engineering report and/or an acceptable debt instrument. The Department works with these communities to assist them in meeting readiness-to-proceed criteria. Once the criteria are met, the project may be moved to the fundable list if funds are available.

The Department compiles and lists the project applications received by March 1 of each year and presents the recommended IUP to the Commission for approval. The Department continues to accept and review applications received after March 1 and may propose amendments to the IUP for Commission approval, provided funding is available.

Modifications to Project Priority Lists

After the Missouri SDWC adopts this IUP's DWSRF Project Priority Lists, it may modify the lists or redistribute the available funds by IUP amendment or as outlined below. Before taking action to modify the Project Priority Lists, the Department will notify those applicants directly affected.

- **Inadequate allocations:** If federal DWSRF allocations are less than the amount anticipated, or if previous allocations are reduced, the Department may recommend reducing project commitments.
- **Unanticipated or uncommitted funds:** The availability of unanticipated funds (due to prepayments or bypassed projects) or uncommitted funds can result in a project moving from the

contingency list to the fundable list. Further, the amount of funds allocated to projects on the fundable lists may be increased, or projects that have already received assistance many receive increased assistance.

- **Bypass:** The Department may recommend the Commission remove a project from the Fundable List when it is not making timely progress, in order to make the committed funds available to another project that is ready to proceed.

Applicants are expected to make timely progress based on a reasonable project-specific schedule developed in coordination with the applicant. The Department may recommend that the SDWC bypass a project for failure to meet the schedule. The applicant will be notified of the recommendation of their project being bypassed and the date and time of the Commission meeting where the recommendation of bypass will be presented.

After Commission approval, bypassed projects will be removed from the fundable priority list and added to the fundable contingency list. If the application is still valid, it will be placed on a project list, in priority order, for funding consideration in the next federal fiscal year. If not, reapplication will be necessary as outlined in the IUP. Funds recovered through project bypass will be considered uncommitted and available for distribution to the next priority project.

In addition, the Department will give priority to projects that would alleviate an emergency situation that poses a threat to environmental or public health. These projects will be permitted to be added to the Fundable List without scoring if approved by the SDWC, and may be funded in advance of the projects on the Fundable List.

- **Project removal:** Projects may be removed from the Project Priority Lists at the request of the applicant or if the Department finds that the project is ineligible for DWSRF assistance.
- **High bids:** The SDWC, with its approval of this IUP and any subsequent amendments, grants the Department the authority to approve changes in project construction costs without an official IUP amendment. Applicants have a limited amount of time to enter into a contract once bids have been received and opened. Granting the Department authority to approve the higher costs will ensure that the applicant does not incur additional costs associated with re-soliciting bids. For changes of less than 10 percent of the original project costs, the Department will provide no notification to the Commission. For changes of 10 percent or greater than the original project costs, the Department will provide the Commission with a description of the change to the final funding amount during the next scheduled commission meeting.

The Department will inform the applicant within 10 to 30 days if the Department can commit additional DWSRF funds to the previously approved project. In all cases, the Department will only commit to an increase in funding if the following criteria are met:

- DWSRF funds are available,
- The cost increase is not due to a change in the project scope, and
- For loans, the borrower has adequate bonding capacity.

Additional subsidization

The Safe Drinking Water Act allows the state to provide additional subsidization in the form of grants, principal forgiveness, or negative interest loans from its annual capitalization grant awards.

The Department will determine the amount of capitalization grant to be allocated for additional subsidization each year based on federal appropriation and Missouri's DWSRF program needs. Only political subdivisions of the state and not-for-profit corporations providing a wholesale or regional water supply may receive additional subsidization from the base and general supplemental funding. Political subdivisions of the state, not-for-profit corporations providing a wholesale or regional water supply, and investor-owned water utility corporations are eligible to receive additional subsidization from the emerging contaminants and lead service line replacement funding. FFY 2023 additional subsidization funding allocations are described in Appendix 1.

Additional subsidization with loan

The Department obligates additional subsidization funding to eligible loan projects on the Fundable List in priority order, based on available funding. The additional subsidization commitment is for two IUP cycles, and is awarded when the applicant enters into a binding financial commitment. Failure to make timely progress may result in bypass and the loss of the additional subsidization commitment.

The following two grants are available in combination with a DWSRF loan.

- **DWSRF Affordability Grants** for public water system construction are available, in coordination with loans, to communities who would have difficulty financing drinking water infrastructure improvements without additional subsidization. The Department will obligate affordability grant allocations to eligible DWSRF loan applicants on the Fundable List in the order established by the Priority Point Criteria (Appendix 5) with the available additional subsidization funds. An applicant may qualify to receive DWSRF Affordability Grants for separate projects, as long as the total amount of additional subsidization does not exceed \$3 million per applicant.

The disadvantaged community eligibility determination is based on DWSRF affordability criteria which includes an applicant's population, unemployment rate, Median Household Income (MHI), rates as a percentage of the MHI, households below poverty level, and population trends. Eligible applicants are those that meet the disadvantaged community criteria established in the Department's guidance; submit an application by the March 1 deadline; and meet readiness-to-proceed criteria. If additional subsidization funds remain after the March 1 deadline, and a community later meets the readiness-to-proceed criteria, that community may be allocated an affordability grant by action in an IUP amendment.

To reach small communities with financial challenges and portions of larger communities and districts with affordability challenges, the Department will utilize data based on one or multiple census tracts when evaluating affordability. The Department will sum or average the census data, as appropriate, when utilizing multiple census tracts.

- **Regional Connection Grants** are available to public water systems proposing a regionalization and/or consolidation project. Additional subsidization is available in the form of grant in an amount of up to \$3 million, not to exceed 75 percent of the total project cost. The proposed project must be a cost-effective solution that is intended to provide safe drinking water to an existing public water system. Eligible projects include:

- A capable, existing community water system proposes construction of a connection to provide water to a nearby public water system, such as a political subdivision of the state, school, homeowner's association, etc. (excludes for-profit business entities) that is unable to provide safe or adequate drinking water now and/or in the future due to technical or cost challenges.
- Construction of an interconnection between a community water system and a regional wholesale water provider that is necessary for the community water system to provide safe or adequate drinking water now and/or in the future due to technical or cost challenges.

Additional subsidization will be provided in the form of grant or principal forgiveness because America's Water Infrastructure Act of 2018 mandated changes to DWSRF additional subsidization that compel the state to provide additional subsidization through two distinct authorities.

- **Congressional authority:** Additional subsidization issued with the Congressional authority may be in the form of grant, negative interest, or principal forgiveness. The Department will provide this additional subsidization as grant funds. Under state law pertaining to municipal borrowing, recipients receiving grants and loans are permitted to use bond authority for the loan amount only.
- **Safe Drinking Water Act authority:** Additional subsidization issued with the Safe Drinking Water Act statutory authority must be in the form of negative interest or principal forgiveness. The Department will provide this additional subsidization as principal forgiveness. Under state law pertaining to municipal borrowing, recipients receiving a grant and a loan must obtain bond authority for the total project amount, which includes the amount of principal forgiveness. Recipients that represent a town, village, city of the third or fourth class, or a charter city with less than 30,000 inhabitants may opt to issue and use bond authority for the amount of principal forgiveness through a special obligation bond without voter approval, issued under Section 91.450 Revised Statutes of Missouri (RSMo).

The Department will determine whether to award an applicant's additional subsidization as a grant or principal forgiveness, based on the borrower's disadvantaged status, amount of funding available through each of the authorities described in the above bullets, the borrower's existing bonding capacity, and/or its ability to issue bonds under Section 91.450 RSMo. The Department will notify each system which form of additional subsidization will be provided.

Drinking Water Engineering Report Grants

Additional subsidization in the form of a grant are available through the DWSRF to assist small communities with engineering costs to plan for drinking water system improvements related to the system's compliance and ability to provide safe drinking water. Municipalities, counties, public sewer districts, and public water districts with a population of fewer than 3,300 residents may apply. Larger systems developing a plan to serve a system with a population of 3,300 or less may also apply. Funding is offered throughout the year and eligible applicants can submit an application to the Department at any time. Eligible applicants may receive an 80 percent grant with a 20 percent recipient match with a maximum grant amount of \$30,000. Applicants qualifying as disadvantaged may receive a 100 percent grant with a maximum grant amount of

\$37,500. Applications are available online at <https://dnr.mo.gov/document-search/drinking-water-engineering-report-grant-application-mo-780-2912>. More information about Engineering Report Grants is available in Appendix 6.

DWSRF BIL Emerging Contaminants Grant

Additional subsidization in the form of a grant are available to assist communities in addressing emerging contaminants in drinking water. For a project or activity to be eligible, it must be otherwise DWSRF eligible and the primary purpose must be to address emerging contaminants in drinking water, with a focus on perfluoroalkyl and polyfluoroalkyl substances. Projects to treat any contaminant listed on any of EPA's Contaminant Candidate Lists (CCL) are eligible to be funded as long as EPA has not promulgated a national primary drinking water regulation for that contaminant. The CCL is a list of contaminants which are known or anticipated to occur in public water systems. Contaminants listed on the CCL may require future regulation under the SDWA.

DWSRF BIL Lead Service Line Replacement funding

Loan funding along with additional subsidization in the form of a grant is available to assist communities in addressing lead service line replacement and inventory projects. For a project or activity to be eligible under this appropriation, it must otherwise be DWSRF eligible and be a lead service line replacement project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. Any project funded under this program involving the replacement of a lead service line must replace the entire lead service line on both the private and public portion of the line. The project cannot replace just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source. The grant funding for the project activities associated with the lead service line replacements may not exceed 50 percent of the project funding request.

DWSRF Planning and Design loans

Short-term Planning and Design loans are available to pay for design-phase costs. These are zero-interest loans with terms of up to 36 months. There is no maximum or minimum loan amount. Eligible costs include archaeological surveys, environmental or geological studies, preparation of engineering plans and specifications, and bid solicitation. The borrower can opt to pay off the loan or roll the loan into a project loan through the DWSRF.

Program commitments and state assurances

Federal appropriations to the DWSRF program primarily fund high-priority infrastructure projects. However, the Safe Drinking Water Act also allows states to set aside up to 31 percent for authorized projects that support public drinking water program activities. See Appendix 3 for details on Missouri's set-aside activities.

The Department makes a number of program commitments and state assurances related to managing the DWSRF. See Appendix 4 for a list of these commitments and assurances.

Plan for timely and expeditious use of funds

Federal law and regulations direct states to manage all SRF programs in a manner that ensures timely and expeditious use of all funds. Because not all available funds are committed to projects

in this IUP, the Department developed a strategic plan for improving the prompt use of DWSRF funds. The plan includes, but is not limited to, increasing marketing and workshops; developing a DWSRF guidance for communities; targeting outreach to communities and privately owned utilities with large capital projects; streamlining processes to decrease the time from application to funding; and adoption of new project management tools for staff.

Missouri Water and Wastewater Review Committee

The Missouri Water and Wastewater Review Committee is a group representing three agencies, including the Department, the Missouri Department of Economic Development's Community Development Block Grant Program, and the U.S. Department of Agriculture - Rural Development, which provide funding to communities for water and wastewater infrastructure improvements. The committee convenes once a month to review proposals and engineering reports, and make recommendations to optimize project funding. This collaborative effort is intended to stretch limited financial assistance dollars to support the greatest number of projects for Missouri communities.

Appendix 1: Comprehensive Project Priority List and Financial Tables

Estimated Sources and Uses of Funds

During FFY 2023, the DWSRF program expects to have approximately \$226 million available for loans and additional subsidization. The estimate includes carry-over monies from previous years, repayments, interest earnings on investments of DWSRF resources, base, BIL general supplemental, emerging contaminants, and lead service line replacement capitalization grants, and state match.

Funds are allocated to projects that are on a Fundable List as approved by the SDWC. The amount of funds made available through this IUP may be revised at any time due to changing economic conditions.

- DWSRF Base Capitalization Grant Funding**

The FFY 2022 DWSRF base capitalization grant provides approximately \$12.3 million of the total available loan and additional subsidization funding for FFY 2023.

State match is 20 percent of the total amount of the FFY 2022 DWSRF base capitalization grant. The state match will be provided through a general revenue appropriation.

The Department intends to use an amount from the FFY 2022 DWSRF base capitalization grant equal to 4 percent of the grant award for program administration, 10 percent for public water system supervision, and 15 percent for local assistance and other state programs. The Department also intends to set-aside 2 percent of the grant award for technical assistance to nonprofit organizations or state, regional, interstate, or municipal entities to assist rural, small, and tribal publicly owned treatment works.

- DWSRF BIL General Supplemental Capitalization Grant Funding**

The FFY 2022 DWSRF general supplemental capitalization grant provides approximately \$31.7 million of the total available loan and additional subsidization funding for FFY 2023.

State match is 10 percent of the total amount of the FFY 2022 DWSRF general supplemental capitalization grant. The state match will be provided through a general revenue appropriation.

The Department intends to use an amount from the FFY 2022 DWSRF general supplemental capitalization grant equal to 4 percent of the grant award for program administration, 0.55 percent for public water system supervision and 1.25 percent for local assistance and other state programs.

- DWSRF BIL Emerging Contaminant Capitalization Grant Funding**

The FFY 2022 DWSRF emerging contaminant is 100 percent additional subsidization and will provide approximately \$2.4 million of the total available additional subsidization funding for FFY 2023.

There is no state match required of the total amount of the FFY 2022 DWSRF emerging contaminant capitalization grant.

No program administration or technical assistance set-aside will be applied for through the FFY 2022 DWSRF emerging contaminants capitalization grant.

- **DWSRF BIL Lead Service Line Replacement Capitalization Grant Funding**

The Department did not receive any applications for lead service line replacement projects. Due to the BIL requirement that the fundable list must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for, the Department will not be able to apply for the FFY 2022 DWSRF lead service line replacement capitalization grant. The Department will apply for this capitalization grant once systems begin submitting lead service line project applications.

Missouri's FFY 2022 DWSRF lead service line replacement capitalization grant allocation is \$49.8 million and there will be no state match required of the total allocation.

List of FFY 2023 Applicants

	Applicant	FFY 2019-2021 Old Base Add Sub	FFY 2022 Base Add Sub	General Supplemental Add Sub	Emerging Contaminants Add Sub	Lead Service Line Replacement Add Sub	DWSRF Loan	Financial Assistance Request
	Anderson							\$ 8,231,503
	Archie						\$ 1,040,300	\$ 1,040,300
	Audraine Co. PWSD #1*						\$ 613,000	\$ 4,888,000
	Barton, Dade, Cedar, Jasper Co. CPWSD #1*						\$ 10,000,000	\$ 23,149,250
	Belton							\$ 60,000,000
	Bowling Green	\$ 994,208					\$ 331,402	\$ 1,325,610
	Brashear	\$ 926,490					\$ 308,830	\$ 1,235,320
	California*						\$ 4,565,400	\$ 12,357,912
	CCWWC - Laddonia	\$ 1,545,000					\$ 515,000	\$ 2,060,000
	CCWWC - Monroe City	\$ 3,000,000					\$ 5,240,000	\$ 8,240,000
	Centertown	\$ 1,456,897					\$ 485,632	\$ 1,942,529
C	Chamois	\$ 563,745					\$ 187,915	\$ 751,660
	Clark Co. CPWSD #1		\$ 1,789,883		\$ 2,482,300		\$ 2,523,757	\$ 6,795,940
	Clay Co. PWSD #9							\$ 1,722,180
	Cole Co. PWSD #4*						\$ 5,631,000	\$ 5,631,010
	Filmore							\$ 3,770,250
	Jasper							\$ 12,525,000
	Kahoka							\$ 5,528,000
	Lafayette, Johnson, and Saline Co. CPWSD #2						\$ 17,175,250	\$ 17,175,250
	LaGrange						\$ 536,853	\$ 536,853
	Laurie	\$ 728,878	\$ 837,291				\$ 702,056	\$ 2,268,225
	Liberal							\$ 3,335,040
C	Licking		\$ 184,866	\$ 2,815,134			\$ 1,851,173	\$ 4,851,173
	Memphis, Phase II			\$ 1,889,288			\$ 1,679,662	\$ 3,568,950
	Meta*&**						\$ 1,500,000	\$ 5,709,999
C	Mokane			\$ 1,140,825			\$ 380,275	\$ 1,521,100
	Moniteau Co. PWSD #1*			\$ 726,000			\$ 500,000	\$ 2,606,660
	Monroe Co. PWSD #2*						\$ 653,600	\$ 1,401,109
	New London							\$ 3,106,018
C	Newburg			\$ 860,694			\$ 286,898	\$ 1,147,592
	Palmyra							\$ 5,192,670
C	Paris			\$ 2,267,865			\$ 755,955	\$ 3,023,820
C	Pineville			\$ 1,349,100			\$ 1,025,700	\$ 2,374,800
	Platte Co. PWSD #8*						\$ 849,400	\$ 1,392,700
	Platte Co. PWSD #8 P&D Loan						\$ 205,800	\$ 205,800
C	Princeton			\$ 2,911,628			\$ 1,728,877	\$ 4,640,505

C	Saline County PWSD #1						\$ 1,222,725	\$ 1,222,725
	Sarcoxie							\$ 4,327,875
	Sibley							\$ 956,500
C	Silex			\$ 1,582,266			\$ 527,422	\$ 2,109,688
	Tri-County Water Authority						\$ 11,742,000	\$ 11,742,000
	Tri-County Water Authority P&D Loan						\$ 1,382,000	\$ 1,382,000
	Urich							\$ 5,467,000
	Engineering Report Grants		\$ 400,000					\$ 400,000
Total Comprehensive List Projects		\$ 9,215,218	\$ 3,212,040	\$ 15,542,800	\$ 2,482,300	\$ -	\$ 76,147,882	\$ 252,860,516

Note: C = Carried over from the last Intended Use Plan

**Drinking Water State Revolving Fund
Estimated Sources and Uses of Funds
Base/General Supplemental/Emerging Contaminants/
Lead Service Line Replacement Combined
FFY 2023 Intended Use Plan**

<u>Estimated Sources as of December 31, 2021</u>		
FFY 2019 DWSRF Base Capitalization Grant (federal portion only)	\$ 9,901,555	
FFY 2020 DWSRF Base Capitalization Grant (federal portion only)	\$ 18,372,012	
FFY 2021 DWSRF Base Capitalization Grant (federal portion only)	\$ 19,394,000	
Anticipated FFY 2022 DWSRF Base Capitalization Grant (federal portion only)	\$ 12,354,000	
Anticipated FFY 2022 DWSRF General Supplemental Capitalization Grant (federal portion only)	\$ 31,720,000	
Anticipated FFY 2022 DWSRF Emerging Contaminant Capitalization Grant (federal portion only)	\$ 2,482,300	
Loan Repayment Fund	\$ 90,979,650	
Estimated DWSRF portion of Loan Repayment Fund Investment Interest (1/1/22 - 9/30/24)	\$ 1,992,871	
Reserve Release Repayments (1/1/22 - 9/30/24)	\$ 18,276,454	
Direct Loans - Principal and Interest Repayments (1/1/22 - 9/30/24)	\$ 1,603,750	
Pledged Loan Principal and Interest Repayments Net of Bond Payments Due (1/1/22 - 9/30/24)	\$ 34,880,479	
2018A DW Subsidy Fund Investment Earnings *	\$ 24,000,000	
Estimated State Match - FFY 2022 DWSRF Base Capitalization Grant **	\$ 2,470,800	
Estimated State Match - FFY 2022 DWSRF General Supplemental Capitalization Grant **	\$ 3,172,000	
Total Estimated Sources		\$ 271,599,871
<u>Estimated Uses</u>		
Undisbursed Amounts Committed to Existing Projects	\$ 6,789,658	
Remaining Balance for Administrative Expenses from FFY 2019 DWSRF Base Set-Asides	\$ 60,033	
Remaining Balance for Administrative Expenses from FFY 2020 DWSRF Base Set-Asides	\$ 4,978,422	
Remaining Balance for Administrative Expenses from FFY 2021 DWSRF Base Set-Asides	\$ 6,012,140	
Estimated 31% Administrative Expenses from FFY 2022 DWSRF Base Set-Asides	\$ 3,829,740	
Estimated 5.8% Administrative Expenses from FFY 2022 DWSRF General Supplemental Set-Asides	\$ 1,839,760	
FFY 2018 Base Capitalization Grant Additional Subsidization	\$ 1,154,478	
FFY 2019 Base Capitalization Grant Additional Subsidization	\$ 3,879,800	
FFY 2019 Base Capitalization Grant Disadvantaged Community Subsidization-Required	\$ 1,163,940	
FFY 2020 Base Capitalization Grant Additional Subsidization	\$ 2,717,540	
FFY 2020 Base Capitalization Grant Disadvantaged Community Subsidization-Required	\$ 1,164,660	
FFY 2021 Base Capitalization Grant Additional Subsidization	\$ 2,715,160	
FFY 2021 Base Capitalization Grant Disadvantaged Community Subsidization-Required	\$ 1,163,640	
FFY 2022 Base Capitalization Grant Disadvantaged Community Subsidization-Required (estimated)	\$ 1,729,560	
FFY 2022 Base Capitalization Grant Disadvantaged Community Subsidization-Optional (estimated)	\$ 1,482,480	
FFY 2022 General Supplemental Capitalization Grant Additional Subsidization-Required (estimated)	\$ 15,542,800	
FFY 2022 Emerging Contaminant Capitalization Grant Additional Subsidization-Required (estimated)	\$ 2,482,300	
Reduction of Required Amount for Planned Awards	\$ (4,744,000)	
Anticipated Additional Subsidization Available for FFY 2023 DWSRF IUP Projects	\$ 30,452,358	
Anticipated Direct Loans Closing between 1/1/22 and 9/30/22	\$ 17,220,400	
Anticipated Grants Awarded between 1/1/22 and 9/30/22	\$ 4,744,000	
Anticipated Loan Funds Available for FFY 2023 DWSRF IUP Projects	\$ 195,673,360	
Total Estimated Uses		\$ 271,599,871
* On October 18, 2018, the Department invested \$43,005,000 from the Water & Wastewater Loan Revolving Fund for the EIERA issued bond series 2018A. The investment will be deposited back into the fund during years three through seven (2021-2025).		
** State match will be provided through a General Revenue appropriation.		
Loan and Grant Commitments 1/1/22 through 9/30/22		
Missouri American Water - Jefferson City - Funded 3-20-2022	\$ 11,249,000	\$ 11,249,000
Camden County PWS #1 - Funded 7-20-2022	\$ 711,000	\$ 2,000,000
City of Warsaw - Funded 4-2-2022	\$ 1,248,000	\$ 2,000,000
Harry S. Truman PWS No. 2 - Funded 7-20-2022	\$ 2,249,000	\$ 2,249,000
City of Paris Planning and Design Loan - Funded 3-31-2022	\$ 386,400	\$ 386,400
Cass Co. PWS No. 10 - Funded 4-6-2022	\$ 1,377,000	\$ 1,377,000
Engineering Report Grants	\$ 744,000	\$ 744,000
Total Commitments 1/1/22 through 9/30/22	\$ 17,220,400	\$ 4,744,000
		\$ 21,964,400

Allocation of Available Loan Funds – Base, General Supplemental and Emerging Contaminant

Missouri law requires that twenty percent and fifteen percent of available funds, respectively, shall be made available to water systems serving populations of 3,300 or less (designated as very small communities) and water systems serving populations of 3,301 to 9,999 (designated as small communities). The remaining sixty five percent (designated for general community) is not restricted by population served.

- The fundable project lists may change significantly between the draft Intended Use Plan placed on public notice and the final version approved by the Safe Drinking Water Commission.
- The inclusion of a project on the fundable list is not a guarantee of funding. Other factors, such as timely progress, compliance with program requirements, and funding availability, may impact project funding.

	Loans			
	20% Very Small Community ⁽¹⁾	15% Small Community ⁽²⁾	65% General Community	Total
Allocation of Available Loan Funds:	\$ 39,134,672	\$ 29,351,004	\$ 127,187,684	\$ 195,673,360
Transfers	\$ (22,746,199)	\$ 11,529,405	\$ 11,216,794	\$ -
Transfers				\$ -
Total Funding Assistance Planned (2)	\$ 16,388,473	\$ 40,880,409	\$ 138,404,478	\$ 195,673,360
Total Loans on Fundable List (1)	\$ 16,388,473	\$ 40,880,409	\$ 18,879,000	\$ 76,147,882
<i>Balance Available after Loans Funded (3)</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 119,525,478</i>	<i>\$ 119,525,478</i>

	Additional Subsidization ⁽⁴⁾			
	Very Small Community (AG)	Small Community (AG & EC)	General Community (RCG & ERG)	Total
Allocation of Available Additional Subsidization Funds:	\$ 20,240,967	\$ 5,266,391	\$ 4,945,000	\$ 30,452,358
Affordability Grant (AG)	\$ 20,240,967	\$ 2,784,091		\$ 23,025,058
Engineering Report Grants (ERG)			\$ 400,000	\$ 400,000
Regional Connection Grant (RCG)			\$ 4,545,000	\$ 4,545,000
Emerging Contaminants (EC)		\$ 2,482,300		\$ 2,482,300
Lead Service Line Replacement (LSLR)				
Transfers				\$ -
Total Funding Assistance Planned (2)	\$ 20,240,967	\$ 5,266,391	\$ 4,945,000	\$ 30,452,358
Total Additional Subsidization on Fundable List (1)	\$ 20,240,967	\$ 5,266,391	\$ 4,545,000	\$ 30,052,358
<i>Balance Available after Additional Subsidization Funded (3)</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 400,000</i>	<i>\$ 400,000</i>

(1) From the Project Lists on the subsequent pages.

(2) Funding Assistance Planned = Allocation + Transfers.

(3) Balances may be shifted to other categories to fund projects that are ready to proceed.

(4) Refer to the Additional Subsidization section within the IUP for a detailed explanation of eligibilities by grant type.

DWSRF Fiscal Year 2023 Project Priority Lists												
Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	IUP Amount Requested	Loan Amount	Additional Subsidization Amount	Additional Subsidization Funding Source	Est. Financing Schedule	FY - Quarter
<i>Note: An explanation of the abbreviations and codes appears at the end of the project lists.</i>												
FUNDABLE LIST - AVAILABLE FUNDS (Debt instrument secured and engineering report submitted)												
TOTAL AVAILABLE FUNDS												
Very Small Community (Systems that serve a population of 3,300 or fewer)												
C	D	145	Princeton - AG	DW291370-01	TP, Dis, Stor Rehab, Well, Well Rehab	1,166	\$ 4,640,505	\$ 1,728,877	\$ 2,911,628	G	22-4	
C	D	135	Chamois - AG	DW291365-01	Well, Stor Rehab, Dis	396	\$ 751,660	\$ 187,915	\$ 563,745	B	22-4	
C	D	110	Newburg - AG	DW291229-02	Dis, Stor, Well Rehab	470	\$ 1,147,592	\$ 286,898	\$ 860,694	G	22-4	
C	D	85	Licking - AG	DW291380-01	Dis, Stor, Stor Rehab, Well	3,124	\$ 4,851,173	\$ 1,851,173	\$ 3,000,000	B, G	22-4	
C	D	75	Pineville - AG	DW291142-02	TP, Dis, Stor, Well Rehab	790	\$ 2,374,800	\$ 1,025,700	\$ 1,349,100	G	22-4	
C	D	70	Silex - AG	DW291377-01	TP, Dis, Stor	187	\$ 2,109,688	\$ 527,422	\$ 1,582,266	G	22-4	
	D	70	Centertown - AG	DW291337-03	Well	278	\$ 1,942,529	\$ 485,632	\$ 1,456,897	B	23-4	
D		65	Laurie - AG	DW291312-03	Dis	945	\$ 2,268,225	\$ 702,056	\$ 1,566,169	B	23-4	
D		58	Brashear - AG	DW291347-01	Stor	273	\$ 1,235,320	\$ 308,830	\$ 926,490	B	23-4	
C	D	55	Mokane - AG	DW291381-01	Well Rehab, Dis	185	\$ 1,521,100	\$ 380,275	\$ 1,140,825	G	22-4	
D		55	Memphis, Phase II - AG	DW291363-02	Stor, TP, Dis	1,822	\$ 3,568,950	\$ 1,679,662	\$ 1,889,288	G	23-4	
C	D	50	Paris - AG	DW291159-03A	Dis	1,220	\$ 3,023,820	\$ 755,955	\$ 2,267,865	G	22-4	
		92	Moniteau Co. PWS #1* - AG	DW291378-01	Dis, Stor, Well Rehab	203	\$ 2,606,660	\$ 500,000	\$ 726,000	G	23-4	
		85	Meta*&**	DW291382-01	Dis, Stor, Well Rehab	229	\$ 5,709,999	\$ 1,500,000	\$ -		23-4	
		55	Audrain Co. PWS #1*	DW291304-03	Dis, Stor	1,455	\$ 4,888,000	\$ 613,000	\$ -		23-4	
		43	Platte Co. PWS #8*	DW291273-02	Dis	1,150	\$ 1,392,700	\$ 849,400	\$ -		23-4	

Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	IUP Amount Requested	Loan Amount	Additional Subsidization Amount	Additional Subsidization Funding Source	Est. Financing Schedule FY - Quarter
		43	Platte Co. PWSD #8 P&D Loan	DW291273-02A	PD	1,150	\$ 205,800	\$ 205,800	\$ -		23-4
		41	Archie	DW291142-03	Dis	1,170	\$ 1,040,300	\$ 1,040,300	\$ -		23-4
C		35	Saline County PWSD #1	DW291359-01	Dis, Stor	591	\$ 1,222,725	\$ 1,222,725	\$ -		22-4
		27	LaGrange	DW291384-01	Dis	931	\$ 536,853	\$ 536,853	\$ -		23-4
Very Small Community Total							\$ 47,038,399	\$ 16,388,473	\$ 20,240,967		
Balance							\$ -	\$ -	\$ -		
Small Community (Systems that serve a population of 3,301 to 9,999)											
		101	Clark Co. CPWSD #1 - AG, EC	DW291301-02	Dis, TP, Stor	7,140	\$ 6,795,940	\$ 2,523,757	\$ 4,272,183	B, EC	23-4
		77	Barton, Dade, Cedar, Jasper Co. CPWSD #1*	DW291383-01	Dis, Stor, Well	9,375	\$ 23,149,250	\$ 10,000,000	\$ -		23-4
		50	California*	DW291328-02	Dis	4,278	\$ 12,357,912	\$ 4,565,400	\$ -		23-4
		41	Bowling Green - AG	DW291167-04	Dis	5,334	\$ 1,325,610	\$ 331,402	\$ 994,208	B	23-4
		37	Monroe Co. PWSD #2*	DW291213-03	Dis, Stor	7,500	\$ 1,401,109	\$ 653,600	\$ -		23-4
		35	Lafayette, Johnson, and Saline Co. CPWSD #2	DW291302-02	Dis, Stor	7,007	\$ 17,175,250	\$ 17,175,250	\$ -		23-4
		29	Cole Co. PWSD #4*	DW291208-04	Dis	7,568	\$ 5,631,010	\$ 5,631,000	\$ -		23-4
Small Community Total							\$ 67,836,081	\$ 40,880,409	\$ 5,266,391		
Balance							\$ -	\$ -	\$ -		
General Community											
		101	CCWWC - Monroe City - RCG	DW291070-09	Dis	73,672	\$ 8,240,000	\$ 5,240,000	\$ 3,000,000	B	23-4
		83	CCWWC - Laddonia - RCG	DW291070-08	Dis	73,672	\$ 2,060,000	\$ 515,000	\$ 1,545,000	B	23-4

Carryover	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	IUP Amount Requested	Loan Amount	Additional Subsidization Amount	Additional Subsidization Funding Source	Est. Financing Schedule FY - Quarter
	75	Tri-County Water Authority*	DW291181-05	Dis, Stor	120,000	\$ 11,742,000	\$ 11,742,000	\$ -		23-4
	75	Tri-County Water Authority P&D Loan	DW291181-05A	PD	120,000	\$ 1,382,000	\$ 1,382,000	\$ -		23-4
General Community Total						\$ 23,424,000	\$ 18,879,000	\$ 4,545,000		
Balance							\$ 119,525,478	\$ 400,000		
Total Fundable List Projects						\$ 138,298,480	\$ 76,147,882	\$ 30,052,358		
Balance of Fundable List							\$ 119,525,478	\$ 400,000		

FUNDABLE CONTINGENCY LIST

(Debt instrument secured and engineering report submitted; fundable if funds become available)

							\$ -	\$ -	\$ -	
Total Fundable Contingency Projects							\$ -	\$ -	\$ -	

PLANNING LIST

(Debt instrument and engineering report not yet secured/submitted)

	D	90	Urich	DW291385-01	Dis, Stor	505	\$ 5,467,000			
	D	90	Jasper	DW291386-01	Dis, Stor, Well Rehab	931	\$ 12,525,000			
	D	80	Kahoka	DW291170-02	Dis, TP	2,078	\$ 5,528,000			
		77	Anderson	DW291387-01	Dis, Well, Stor	1,961	\$ 8,231,503			
	D	75	Filmore	DW291393-01	Dis, Stor	173	\$ 3,770,250			
		71	Palmyra	DW291388-01	Dis, Well Rehab, TP, Stor	3,595	\$ 5,192,670			
	D	60	Sarcoxie	DW291394-01	Dis	1,330	\$ 4,327,875			
		54	Sibley	DW291389-01	Dis	357	\$ 956,500			
	D	45	New London	DW291390-01	Dis	974	\$ 3,106,018			
	D	40	Liberal	DW291391-01	Dis, Stor Rehab, Well Rehab	759	\$ 3,335,040			
		29	Clay Co. PWSD #9	DW291392-01	Dis, Stor	2,532	\$ 1,722,180			

Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	IUP Amount Requested	Loan Amount	Additional Subsidization Amount	Additional Subsidization Funding Source	Est. Financing Schedule	FY - Quarter
			Belton	DW291314-04	Dis, Stor	25,000	\$ 60,000,000					
					Total Planning List Projects		\$ 114,162,036	\$ -	\$ -			
					Total Balance Remaining after Projects Funded		\$ 119,525,478	\$ 400,000				

Description Reference List/Grant Type		Description/Needs Category	
C	Carried over from the last Intended Use Plan	TP - Treatment	Well - Well
D	Disadvantaged	Stor – Storage	Stor Rehab - Storage Rehabilitation
AG	Affordability Grant	Dis – Distribution	Well Rehab - Well Rehabilitation
RCG	Regional Connection Grant	Rehab - Rehabilitation	PD - Planning and Design
Additional Subsidization Funding Source			
B	Base		
G	General		
EC	Emerging Contaminants		
LSLR	Lead Service Line Replacement		

Notes:

* Applicant has a max bonding capacity that the loan amount cannot exceed.

** Application not received by March 1, 2022.

Final eligible costs will be determined as documents are submitted and the project progresses toward loan closing.

Financing schedule shown is for planning purposes only. Final scheduling will be determined as documents are submitted and approvals obtained. Carry over projects from the FFY 2023 list must reapply to be considered for the FFY 2024 list.

Distribution of Loan Administration Fees

The fees charged by the Missouri DWSRF program are not included as principal in DWSRF loans. Depending on the source of the loan and the timing of the payment with the administration fee, the administration fee is considered to be program income.

The administration fees collected are considered:

- Program income earned during the capitalization grant period,
- Program income earned after the capitalization grant period, or
- Non-program income.

“During the grant period” is defined as the time between the effective date of the grant award and the ending date of the award reflected in the final grant financial report.

Administration fees charged by the program are deposited into an account outside of the DWSRF fund. In accordance with federal regulations, the Department may use the fees charged for program administration or other purposes in accordance with 40 CFR 31.25 (g)(2) and (3) and federal capitalization grant requirements.

Another allowable use of the administration fees are to meet the cost sharing or matching requirement of the capitalization grant agreement.

Source And Distribution of Funds			
Loan Administration Fees ¹			
As of Dec. 31, 2021			
Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income
Beginning Balance as of 07/01/21	\$ 1,627,817	\$ 1,337,670	\$ 649,365
FY 22 Income (thru 12/31/21)	\$ 28,857	\$ 354,855	\$ 101,356
FY 22 Interest Earnings (thru 12/31/21)	\$ 2,617	\$ 2,624	\$ 1,176
Subtotal	\$ 1,659,291	\$ 1,695,149	\$ 751,897
Expenditures Thru 12/31/21			
FY 22 Program Administration	\$ (18,452)	\$ -	\$ -
FY 22 PSD Expenditures	\$ -	\$ -	\$ -
FY 22 Transfer to Loan Program (FFY 2021 State Match) ²	\$ -	\$ -	\$ -
Subtotal	\$ (18,452)	\$ -	\$ -
Income Less Expenditures	\$ 1,640,839	\$ 1,695,149	\$ 751,897
Projected Income			
FY 22 Income (01/01/22 - 06/30/22)	\$ 39,869	\$ 259,453	\$ 111,234
FY 22 Interest Income (01/01/22 - 06/30/22)	\$ 1,440	\$ 620	\$ 667
FY 23 Income (07/01/22 - 06/30/23)	\$ 88,070	\$ 528,776	\$ 210,625
FY 23 Interest Income (07/01/22- 06/30/23)	\$ 1,176	\$ 3,069	\$ 1,204
Subtotal	\$ 130,555	\$ 791,918	\$ 323,730
Projected Expenditures			
FY 22 Program Administration	\$ (17,738)	\$ (3,443)	\$ -
FY 22 State Parks Drinking Water Infrastructure	\$ -	\$ -	\$ -
FY 22 Technical Assistance Grants	\$ -	\$ (25,000)	\$ (25,000)
FY 22 Transfer to Loan Program (FFY 2021 State Match) ²	\$ (1,434,800)	\$ (1,704,000)	\$ (740,000)
FY 23 Program Administration	\$ (38,259)	\$ (2,971)	\$ -
FY 23 Technical Assistance Grants	\$ -	\$ (25,000)	\$ (25,000)
Subtotal	\$ (1,490,797)	\$ (1,760,414)	\$ (790,000)
Total Actual and Projected	\$ 280,597	\$ 726,653	\$ 285,627

¹ The distribution of loan administration fees to various Department activities is subject to change throughout the Fiscal Year. Actual fund uses will be shown in detail in the FFY 2023 DWSRF Annual Report. FFY 2023 projected expenditures may include amounts carried over from prior fiscal years.

² Loan administration fees were transferred into the loan program and used as the source of state match for the FFY 2021 Capitalization Grant.

Appendix 2: Drinking Water State Revolving Fund Loan Application Instructions

DWSRF applications received or postmarked by March 1, 2023, that meet readiness-to-proceed criteria, will receive priority for loan and additional subsidization funding for FFY 2024. Applications submitted after March 1, 2023, may receive a funding commitment through an amendment to the FFY 2024 Intended Use Plan if funds remain available.

Per 10 CSR 60-13.020, applications are valid for a 2-year plan cycle. Applicants that have not received their funding at the end of the 2-year plan cycle may reapply to the program. The project's position on a fundable, contingency, or planning list may change with each subsequent application. The Department may also de-obligate funding from projects that are not making adequate progress within the allotted 2 years, and reallocate those funds to other projects per the project bypass process.

It is important that any community who wishes to apply for this funding opportunity submit their application early in the project planning process. Early application and communication with the Department on each step are imperative to ensure the project meets all state and federal funding requirements.

The Department strongly encourages applicants to retain the services of a registered municipal financial advisor. Municipal financial advisors are required to be registered with the Securities and Exchange Commission. Additional information is available online at <https://www.sec.gov/info/smallbus/securities/muni-advisor-reg-securities.htm>.

How to complete a DWSRF application

1. Complete and submit the application form. The application form, instructions, and guidance documents are available online at <https://dnr.mo.gov/document-search/drinking-water-state-revolving-fund-loan-application-mo-780-1845>.
2. Applicants should submit the following with their application in order for their project to be placed on the Fundable priority list:
 - **A complete engineering report:** Submit an engineering report that meets criteria listed in sections 1 through 4 in the Engineering Report Submittal Checklist found here: <https://dnr.mo.gov/document-search/engineering-report-submittal-checklist-drinking-water-state-revolving-fund-mo-780>. Submittal of an incomplete engineering report will delay progress and, ultimately, project funding.
State statute requires that all engineering reports, plans, and specifications must be signed, sealed, and dated by a Missouri professional engineer. Applicants must procure engineering services in accordance with Sections 8.285 through 8.291, RSMo.
 - **An acceptable debt instrument:** Submit documentation of an acceptable debt instrument. The instrument is ordinarily a Revenue Bond or General Obligation bond, but a Special Obligation Bond may be accepted in certain circumstances. The Department may consider other types of debt instruments on a case-by-case basis.

- **Documentation of other funding commitments:** Submit documentation of any funding commitments from other state and/or federal agencies contributing funds to the project.

A borrower may submit an application without either an engineering report or debt instrument. The Department does not consider such projects ready-to-proceed, and places them on the Planning List with a loan-only commitment. The Department will work with these applicants to assist them in achieving readiness-to-proceed status, and at that time will determine if additional subsidization is available for eligible projects. If you have questions or need assistance with a DWSRF application, please contact the Department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

What to expect after submitting an application

The Department compiles and lists the project applications received by March 1 of each year and typically places a draft IUP on public notice in July. After addressing comments, the Department presents the final IUP to the SDWC for adoption, usually in October. The Department will notify each applicant that their project has received a provisional commitment with the publication of the draft plan. At that time, the Department's project manager will contact the applicant to develop a project schedule and begin working through the DWSRF process.

Before the Department makes a financial assistance award, the applicant's project must progress through several major milestones, including: environmental and cultural review; borrower financial capability review; engineering design; construction permit issuance; solicitation of bids; and approval of contracts. This is not a complete listing of every action and submittal associated with a DWSRF project, however these are the major phases that are most likely to impact time and cost. A Department project manager assists each applicant with every step of the process. Borrowers can typically close on the DWSRF loan within 15 to 22 months of application submittal. An overview of the SRF process can be accessed here: <https://dnr.mo.gov/document-search/what-expect-srf-process>.

Appendix 3: Drinking Water State Revolving Fund Program Administration

The Department's Financial Assistance Center and Water Protection Program is the delegated authority for the administration of federal funds made available to the state under the provisions of the Safe Drinking Water Act by the EPA. The funds are for financing a variety of eligible projects and are to be used in perpetuity for low-interest loans made from the DWSRF.

This IUP describes the proposed use of funds reserved for financial assistance for drinking water infrastructure improvements during FFY 2023 (Oct. 1, 2022, to Sept. 30, 2023). This IUP shall remain effective until Sept. 30, 2023, or until such time as the FFY 2024 IUP becomes effective.

Cash flow model

Missouri uses the cash flow model for the DWSRF.

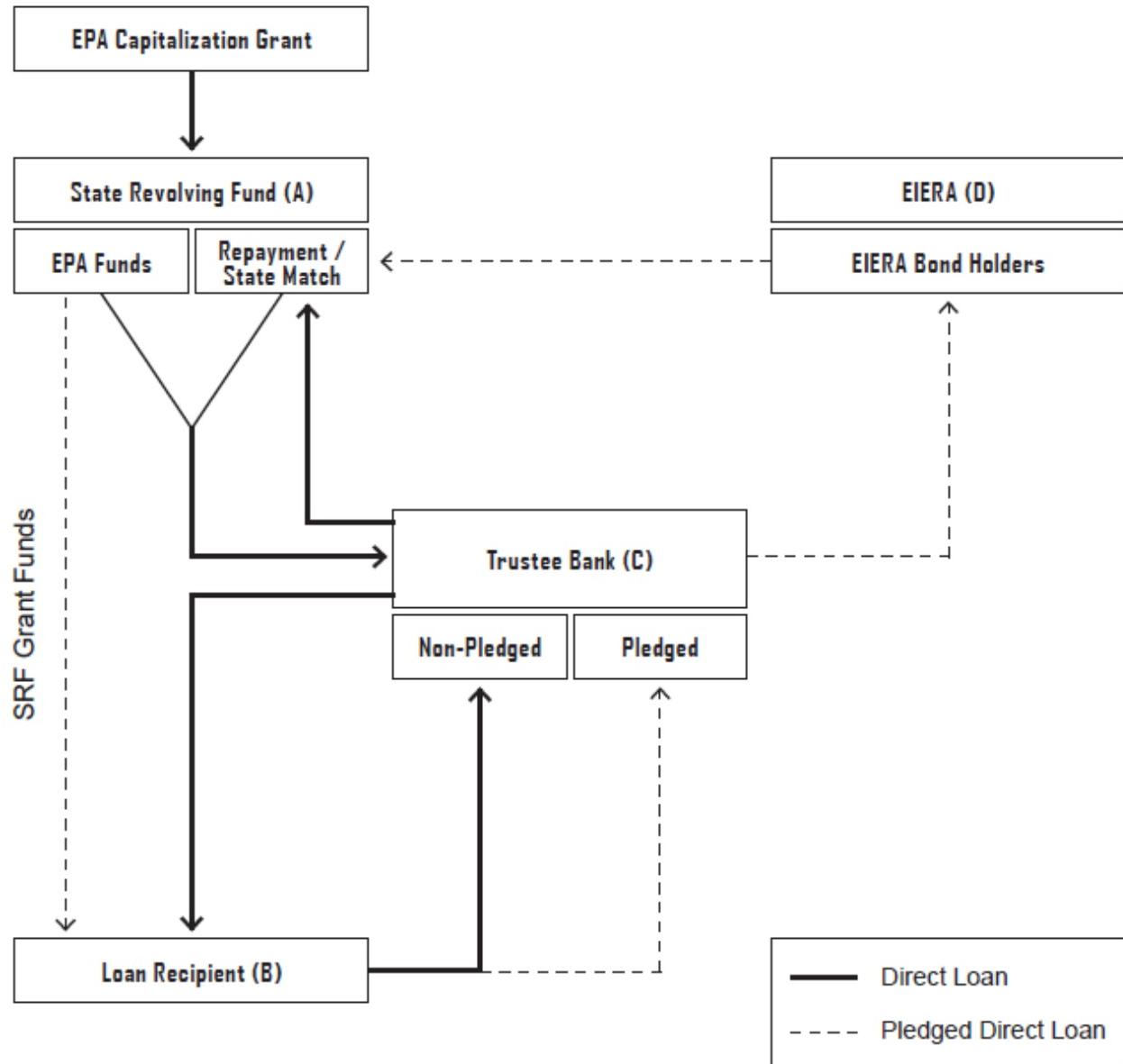
The cash flow model diagram on the following page illustrates the SRF flow of funds. Construction loan repayments must begin within one year after the first operational contract is substantially completed; that is, the facilities are placed into operation. The loan repayment schedules will generally consist of semi-annual interest payments and semi-annual or annual principal payments. The trustee bank holds the periodic participant repayments in separate recipient accounts outside the DWSRF. Interest earnings on these recipient accounts are credited to the communities' debt service account, which reduces the amount of interest to be paid by the communities.

The Department receives federal Capitalization Grants from EPA. There is a 20 percent state match required to receive the base capitalization grant and a 10 percent state match required to receive the general supplemental grant. The emerging contaminants and lead service line replacement grants do not require a state match. The funds are deposited into the SRF (A) and are used in accordance with applicable federal and state program requirements. State match funds are disbursed prior to using capitalization grant funds.

Under the cash flow model loan program, the Department purchases the debt obligations of the participants directly. As construction progresses, funds are released from the DWSRF (A) to the recipient (B) through the trustee bank (C) so the construction costs can be paid. Recipients of additional subsidization receive the funds directly from the DWSRF program. Upon completion of the project, the loan total is adjusted to reflect the final amount borrowed.

Loan recipients send their loan principal and interest payments to the trustee bank (C). When the DWSRF program needs to replenish the repayment fund, the EIERA (D) exercises its authority to sell bonds, and the direct loans are pledged to retire the EIERA debt. The proceeds of this sale are deposited into the DWSRF repayment account. The principal and interest payments on the EIERA bonds are secured through the pledge of the direct loan principal and interest payments from previous DWSRF program participants. Any surplus principal and interest that is not needed for the EIERA debt service is deposited into the repayment account. Any surplus interest that is not needed for EIERA state match debt service is deposited into the interest accumulation fund, which will be reserved for future state match through an EIERA state match bond sale.

DWSRF Cash Flow Model



Cross-collateralization of funds

The U.S. Departments of Veterans Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act of 1999 (Public Law 105-276), authorized limited cross-collateralization between the DWSRF and the Clean Water SRF (CWSRF). Cross-collateralization allows states to use CWSRF funds as security for bonds issued to finance DWSRF projects and vice versa. The cross-collateralization of the two funds may enhance the lending capacity of one or both SRFs. State statute 644.122, RSMo. provides the state's legal authority to implement cross-collateralization.

Transfer loan funds between Drinking Water State Revolving Fund and Clean Water State Revolving Fund

Section 302 of the Safe Drinking Water Act Amendments of 1996 authorized the transfer of funds between the DWSRF and the CWSRF. The rules governing the transfer of funds limit the dollar amount a state can transfer to no more than 33 percent of a DWSRF capitalization grant. As funding is available and as needs arise, the Department can transfer loan funds with the approval of the Missouri SDWC, the Missouri Clean Water Commission, and EPA. Transfers between the two funds may enhance the lending capacity of one or both state revolving funds. State statute 644.122, RSMo. provides Missouri's legal authority to implement this transfer of funds. No transfers are planned for FFY 2023.

A listing of current and recent transfers is below:

Fiscal Year	CWSRF	DWSRF
2013	\$10,000,000	(\$10,000,000)
2013*	\$18,500,000	(\$18,500,000)
2015	(\$5,000,000)	\$5,000,000
2016	(\$5,000,000)	\$5,000,000

*Federal capitalization grant portion.

The Department, with prior approval from the Missouri SDWC, the Missouri Clean Water Commission, and EPA as appropriate, reserves the right to make additional transfers in the future.

BIL requirements only allow the transfer of funds between the specific BIL appropriations in the equivalent CWSRF or DWSRF program. In other words, states may only transfer funds between the CWSRF and DWSRF general supplemental capitalization grants and between the CWSRF and DWSRF emerging contaminants capitalization grants. Because there is no similar CWSRF appropriation to the DWSRF BIL lead service line replacement appropriation, no funds may be transferred from or to the DWSRF lead service line replacement appropriation. Transfers do not impact the state match calculation, the set-asides calculations in the DWSRF or the administration and 2 percent technical assistance calculations in the CWSRF, which are based upon the original capitalization grant allotment for each SRF.

Assistance for disaster relief

The DWSRF is not a flexible tool for emergency response due to the number and nature of federal requirements associated with the funding. Financial assistance may be provided to projects that address direct or indirect damage to a drinking water system in a state or federally declared disaster

area through the DWSRF and the project is to remedy imminent threats to public health including situations that result in the unavailability of a source of potable drinking water for an extended period of time. The Department may provide these projects with advance authority to construct in accordance with 10 CSR 60-13.030(4). However, all federal requirements remain applicable to all DWSRF projects. Disaster-related projects may be given preferential priority when determining the use of available DWSRF loan funds and the normal DWSRF procedures will be expedited to the extent possible.

Drinking Water State Revolving Fund Capitalization Grant Set-asides

The Department's Public Drinking Water Branch manages and implements set-aside activities. This section of the IUP indicates how the Department intends to use the set-aside funds that will be available from the FFY 2022 DWSRF base capitalization grant and the DWSRF BIL supplemental grant.

The BIL of 2021 (P.L 117-58) includes amendments to the Safe Drinking Water Act, which reauthorized the annual DWSRF capitalization grant allotments and expanded the DWSRF program with three new sources of funding: DWSRF BIL general supplemental funding, DWSRF BIL emerging contaminants funding, and DWSRF BIL lead service line inventory funding. The DWSRF capitalization grants are based on the state's proportional share of total eligible needs reported in the most recent drinking water infrastructure needs survey conducted every 4 years.

The state is authorized to use the capitalization grant to fund low-interest loans for high priority infrastructure projects. The state is also authorized to use a portion of the funding, known as "set-asides," for health effects studies, small system technical assistance, monitoring of unregulated contaminants, and operator certification reimbursement grants.

The Department will use the DWSRF base capitalization grant and the DWSRF general supplemental grant to fund loans, provide additional subsidization, and fund other authorized set-aside activities for FFY 2023. As allowed by BIL, the Department is reserving 31 percent of the DWSRF base capitalization grant for set-aside authorized activities. The Department is also reserving 5.8 percent of the set-asides taken from the DWSRF BIL general supplemental grant to be used for program administration and to supplement new and expanded activities to enhance our grant and assistance programs for public water systems. If the Department is not able to use the full 31 percent from the DWSRF base capitalization grant or the 5.8 percent of the DWSRF BIL general supplemental grant during this grant period, the Department may use the difference for financing infrastructure projects. The Department is not taking any set-asides from the DWSRF BIL emerging contaminant grant. The full grant will be used to fund infrastructure projects. The Department is also not applying for the DWSRF BIL lead service line replacement grant, due to no applications for projects.

A. Distribution of Set-Aside Funds

The Department will deposit set-aside funds from the FFY 2022 DWSRF base capitalization grant and DWSRF BIL general supplemental grant in a separate account. Table 1 and 2 show the intended distribution of these set-asides.

The Department reserves the right to utilize any unused set-aside authority from the FFY 2022 DWSRF base capitalization grant and the DWSRF BIL general supplemental grant for future set-aside expenditures.

Table 1. Distribution of Set-Aside Funds (Base Capitalization Grant)

Set-Aside Activities	Percent Base Capitalization Grant	Amount
DWSRF Administration and Technical Assistance	4 percent	\$494,160.00
Small System Technical Assistance	2 percent	\$247,080.00
Public Water System Supervision	10 percent	\$1,235,400.00
Local Assistance and Other State Programs	15 percent	\$1,853,100.00
Total	31 percent	\$3,829,740.00

Table 2. Distribution of Set-Aside Funds (BIL General Supplemental Capitalization Grant)

Set-Aside Activities	Percent General Supplemental Grant	Amount
DWSRF Administration and Technical Assistance	4 percent	\$1,268,800
Small System Technical Assistance	0 percent	\$0
Public Water System Supervision	.55 percent	\$174,460
Local Assistance and Other State Programs	1.25 percent	\$396,500
Total	5.8 percent	\$1,839,760

B. Description of Set-Aside Activities

1. DWSRF Administration and Technical Assistance

This set-aside provides funding to administer the programs established under section 1452 of the federal Safe Drinking Water Act and to provide technical assistance to public water systems. The Department intends to use this set-aside for salaries and associated expenses to administer the DWSRF loan program, including the following:

- Assistance to loan applicants and loan recipients.
- Project review and approval.
- Assistance with the needs survey, project prioritization, loan issuance, payment, and accounting activities.
- Tracking repayments and project inspections.
- Supplies, equipment, and staff training.

The Department may also use a portion of this funding to contract for assistance to help potential loan applicants with setting rates or with other similar tasks that may serve as a barrier to meeting loan eligibility criteria.

The Department is reserving the full 4 percent allowed under this set-aside from the DWSRF base capitalization grant and the DWSRF BIL general supplemental grant. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

2. Small Systems Technical Assistance

This set-aside provides funding for technical assistance to public water systems that serve 10,000 or fewer people. The Department intends to use this set-aside to assist small public water systems in the following ways:

- Complying with existing and near-term federal Safe Drinking Water Act requirements.
- Providing vouchers to eligible community and non-transient non-community water systems to defray the costs associated with operator training and certification.
- Other technical assistance activities that will improve compliance with safe drinking water requirements.

The Department is reserving the full 2 percent allowed under this set-aside from the DWSRF base capitalization grant. The Department is not reserving any funds under this set-aside from the DWSRF BIL general supplemental grant. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

3. Public Water System Supervision

This set-aside provides funding for primacy program support, developing and implementing a capacity development strategy, and operator certification. The Department intends to continue using this set-aside for the following authorized activities:

- Primacy program activities, including program administration, inspections and sanitary surveys, rule development, primacy applications, compliance and enforcement, and information and data management.
- Technical assistance.
- Development and implementation of the capacity development strategy.
- Operator certification program administration.
- Operator certification exam contract.
- Source water protection activities.
- Comprehensive performance evaluation training.

The Department is reserving the full 10 percent allowed under this set-aside from the DWSRF base capitalization grant. The Department is reserving .55 percent of the 10 percent allowed under this set-aside from the DWSRF BIL general supplemental grant. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

4. Local Assistance and Other Programs authorized by Section 1452(k) of the Safe Drinking Water Act

The Act allows states to set aside up to 15 percent of the capitalization grant for the following:

- Source water protection loans to acquire land or easements.
- Source water protection loans to implement local, voluntary source water protection programs.
- Assistance, including technical, managerial, and financial assistance, to any public water system as part of a capacity development strategy.
- Expenditures for the establishment and implementation of wellhead protection programs compliant with section 1428 of the act.

The Department intends to use this set-aside to provide technical, managerial, and financial assistance to public water systems as part of the capacity development strategy and for wellhead protection. The types of activities the Department intends to fund with this set-aside include, but are not limited to, the following:

- Contracting circuit riders to provide leak detection surveys; compliance assistance; operator training; and technical, managerial, and financial capacity assistance to water systems.
- Water safety and security grants to provide sub awards to public water systems for the development of Geographic Information System (GIS) maps, inspection programs, and/or cybersecurity plans.
- Grants to community water systems to facilitate the development and implementation of local, voluntary source water protection plans.
- Grants to community water systems to plug abandoned drinking water wells that threaten aquifers.
- Contracting with the University of Missouri for maintaining public water system source water assessment and delineation information.
- Performing Vulnerability Assessments and Groundwater Under the Influence of Surface Water Determinations.
- Other activities as appropriate to implement the capacity development strategy or promote wellhead protection.

The Department is reserving the full 15 percent allowed under this set-aside from the DWSRF base capitalization grant. The Department is reserving 1.25 percent of the 15 percent allowed under this set-aside from the DWSRF BIL general supplemental grant. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

Appendix 4: Environmental Protection Agency Requirements and Assurances

The Department receives a federal capitalization grant annually from the EPA, and is required to provide a 1 to 20 percent state match, dependent on each capitalization grant. This appendix contains program commitments to assure the Department manages the DWSRF program in compliance with the capitalization grant agreements.

Additional subsidization

The Safe Drinking Water Act allows the state to use SRF funds to provide additional subsidization for eligible projects in the form of grants, principal forgiveness, or negative interest loans. The FFY 2022 capitalization grant mandates that states use at least 12 percent and may use up to 35 percent for additional subsidization to any DWSRF-eligible recipient, and that at least 12 percent shall go to state-defined disadvantaged communities. The FFY 2022 general supplemental grant and lead service line replacement grant mandates that states use a flat 49 percent for additional subsidization and the FFY 2022 emerging contaminants grant mandates that states use 100 percent for additional subsidization.

The table below shows the amount of the additional subsidization the Department intends to offer in FFY 2023 based on the state's estimated allocation from the FFY 2022 DWSRF base, general supplemental, and emerging contaminants capitalization grants.

Base Capitalization Grant Year Federal Fiscal Year Amount	IUP Federal Fiscal Year	Amount
Federal Fiscal Year 2018 Required Amount	Federal Fiscal Year 2019	\$1,154,478
Federal Fiscal Year 2019 Required Amount	Federal Fiscal Year 2020	\$3,879,800
Federal Fiscal Year 2019 Disadvantaged Required Amount	Federal Fiscal Year 2020	\$1,163,940
Federal Fiscal Year 2020 Required Amount	Federal Fiscal Year 2021	\$2,717,540
Federal Fiscal Year 2020 Disadvantaged Required Amount	Federal Fiscal Year 2021	\$1,164,660
Federal Fiscal Year 2021 Required Amount	Federal Fiscal Year 2022	\$2,715,160
Federal Fiscal Year 2021 Disadvantaged Required Amount	Federal Fiscal Year 2022	\$1,163,640
Federal Fiscal Year 2022 Required Amount	Federal Fiscal Year 2023	\$1,729,560
Federal Fiscal Year 2022 Optional Amount	Federal Fiscal Year 2023	\$1,482,480

General Supplemental Capitalization Grant Federal Fiscal Year Amount	IUP Federal Fiscal Year	Amount
Federal Fiscal Year 2022 Required Amount	Federal Fiscal Year 2023	\$15,542,800
Emerging Contaminant Capitalization Grant Federal Fiscal Year Amount	IUP Federal Fiscal Year	Amount
Federal Fiscal Year 2022 Required Amount	Federal Fiscal Year 2023	\$2,482,300

The Estimated Sources and Uses of Funds table and Fundable Project Lists in Appendix 1 provide detailed information on projects that may be eligible for this funding.

Public review and comment

Federal law requires SRF programs to prepare an annual IUP, including Project Priority Lists and Priority Point Criteria. The IUP describes how the Department intends to use the DWSRF funds to support the overall goals of the DWSRF program. The Department must place the draft IUP on public notice to allow for public review and comment. The Department holds a public hearing during the public comment period to allow interested parties to hear testimony from the Department on the draft plan and provide the public an opportunity to comment. The Department considers all written and verbal comments presented during the comment period, makes appropriate modifications, and provides a response to all comments. Any applicant aggrieved by his/her standing may appeal to the Commission during the public comment process.

Environmental review

Federal law requires SRF programs to subject projects receiving DWSRF funding to a state environmental review process that conforms generally to the National Environmental Policy. The Department's environmental review process, described within regulation 10 CSR 60-13.030, fulfills this requirement. The Department will determine whether an environmental impact statement is necessary during review of the project's engineering report. Most projects are determined to have no significant impact or can meet a categorical exclusion. The Department will accept environmental determinations completed by other state and federal agencies on a case-by-case basis.

Federal project requirements

A number of federal and state laws and executive orders apply to projects receiving federal financial assistance through the SRF program. Federal requirements that may apply to DWSRF participants include the Title VI of the Civil Rights Act of 1964, Davis Bacon Act, American Iron and Steel (AIS), Disadvantaged Business Enterprise, Public Awareness, Water Systems Assessment, Single Audit, various environmental statutes, the Uniform Relocation and Real Property Acquisition Policies Act, Debarment and Suspension Executive Order 12549, Prohibition on Certain Telecommunications and Video Surveillance or Equipment, restrictions on lobbying Buy American Build America Act, and others. A complete list of requirements that apply to SRF projects is available upon request from the Financial Assistance Center. The Department has reviewed the Title VI of the Civil Rights Act of 1964 and is committed to ensuring projects receiving federal financial assistance through the DWSRF program comply with the Title VI requirements.

The Department does designate DWSRF projects as either equivalency (those projects funded with reimbursement attributable to the annual federal capitalization grants) or non-equivalency (those projects funded with reimbursement attributable to the repayments) for the purpose of differentiating federal requirements that apply. Build America, Buy America (BABA) Act provisions contained in BIL will only apply to those projects the Department designates as equivalency projects.

A complete listing of requirements that apply to SRF projects is available upon request from the Department.

Binding commitments

The Department intends to enter into binding commitments for a minimum of 120 percent of each EPA grant payment into the DWSRF within 1 year of the receipt of each payment, as required by federal law.

Expenditure of funds

The Department intends to expend all funds in the DWSRF in an expeditious and timely manner, as required by federal law.

Anticipated cash draw ratio (proportionality)

Missouri uses the cash flow model of the DWSRF. The federal capitalization grant is not used as security on the state match bonds. State match funds are deposited prior to using capitalization grant funds for set-aside expenditures. State match funds are disbursed prior to using capitalization grant funds for the loan program.

For more information, contact the Department of Natural Resources' Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Appendix 5: Drinking Water State Revolving Fund Priority Points Criteria

General Information

This document sets forth the priority points criteria and procedures used to evaluate proposed DWSRF projects for FFY 2024. The priority points criteria forms the basis for project ranking and funding allocation.

The Department must annually prepare a DWSRF IUP that includes lists of projects expected to qualify for financing within the fiscal year addressed by the plan. Projects are listed so that the most serious problems are given the highest priority. Consistent with the federal Safe Drinking Water Act, priorities are based primarily on protection of public health, compliance with the Act, and household affordability. Priority points have been added to include points for the new pots of funding under BIL. Each project's priority score is generated from an assignment of points based on the priority points criteria, and projects are ranked in priority order in each funding category. Only those proposed projects identified within the plan's project lists are eligible to receive financial assistance.

The Department must annually seek public comments on the priority point criteria proposed. The priority points criteria must be approved by the Missouri SDWC at least 60 days before the annual application deadline.

Assignment of Priority Points

Priority points shall be assigned only for the criteria below when the proposed project is intended to correct the violations, deficiencies, or problems associated with the points. For example, if a public water system has had persistent violations of a Treatment Technique, Maximum Contaminant Level (MCL), or secondary MCL, but the proposed project does not address the persistent violations, deficiencies, or problems, the Department will not assign points associated with those violations.

The sections on Distribution System Reliability (section III.B.) and Design Considerations (section III.F.) are limited to a maximum of 20 points each. This is done to ensure projects addressing MCL violations are not overwhelmed by projects addressing only design considerations or distribution system problems. The 25 points available for violations of acute risk contaminant MCLs are used as the baseline in developing the priority point criteria.

The project-specific funds available through BIL will be ranked on specific sections of the Priority Points. The Emerging Contaminant Project Priority List priority points will be a combination of Sections IV and VII below. The Lead Service Line Replacement Project Priority List priority points will be a combination of Sections IV and VIII.

The Department will rank projects by the total number of points received. In the event of a tie, the projects receiving the highest number of points under Distribution System Reliability and Design Considerations (sections III.B. and III.F.) with the 20-point maximum limits lifted will receive the higher ranking. The second tie-breaking criteria will be the number of affordability points. The applicant with the highest affordability points will receive the higher ranking. The third tie-breaking criteria will

be the number of people served. The system serving the larger number of people will receive the higher ranking.

In the event of a tie for either Emerging Contaminants or Lead Service Line Replacement projects, the projects receiving the highest number of affordability points will receive the higher ranking. The second tie-breaker shall be the total number of points from the other pots of funding. The applicant with the highest number of total points will receive the higher ranking. The third tie-breaking criteria will be the number of people served. The system serving the larger number of people will receive the higher ranking.

For projects that involve the refinancing of existing debt (excluding the planning and design loan program), the Department will assign priority points for affordability only.

The Department will not assign priority points to a project intended to correct deficiencies resulting solely from inadequate operation and maintenance of the public water system.

Priority point assignment and listing in the plan does not guarantee all financial and project eligibility requirements have been met.

Priority Points

I. Safe Drinking Water Act Compliance

For this category, priority points apply solely to projects for existing public water systems as defined in 40 CFR 35.3520. (See the lists on pages 37 and 38, Safe Drinking Water Act Compliance Priority Points: Existing and Anticipated Regulations for further explanation of categories A through E below.).

- A. **Acute Risk Contaminants (such as *E coli*, turbidity, or nitrates)** 25 points will be assigned for persistent violations of MCLs or treatment performance criteria for acute risk contaminants within the past 36 calendar months.
- B. **Treatment Technique Requirements** 20 points will be assigned for persistent violations of treatment technique requirements (for example, the Surface Water Treatment Rule, lead and copper, etc.).
- C. **Compliance** 25 points will be assigned for a project to enable an eligible public water system to comply with an administrative order, a bilateral compliance agreement, or other enforceable document issued by the Department.

D. Non-Acute Risk Contaminants

1. 20 points will be assigned for persistent violations of any non-acute risk primary MCL within the past 36 calendar months.
2. 15 points will be assigned for persistent violations of any secondary MCL within the past 36 calendar months.

- E. **Anticipated Federal Regulations** 15 points will be assigned for proposed projects to enable the public water system to comply with anticipated federal regulations identified on the attached list, Safe Drinking Water Act Compliance Priority Points: Existing and Anticipated Regulations.

II. Public Health

- A. **Waterborne Disease Outbreak** 25 points will be assigned if a waterborne disease outbreak declared by the Missouri Department of Health and Senior Services is attributable to an existing public water system and the proposed project addresses the problem(s) causing the waterborne disease outbreak.
- B. **Inadequate Water Supply**
 - 1. 20 points will be assigned if the private or non-community wells or sources in the proposed project service area are unable to consistently provide adequate potable water for general household purposes and the proposed project addresses this need. Private or non-community wells or sources contaminated by commercial, industrial or mining wastes will be considered in this category.
 - 2. 10 points will be assigned if an existing public water system can document its inability to consistently maintain at least 35 pounds per square inch (psi) as a normal working pressure in the distribution system.
 - 3. 15 points will be assigned if an existing public water system can document its inability to consistently maintain pressures of at least 20 psi at all service connections, including fire flow.

III. Public Water System Infrastructure Improvement (priority points are applied in this category only to existing eligible public water system projects)

- A. **System source reliability**
 - 1. 10 points will be assigned to a project that addresses a need for a new backup well or a backup interconnection with another public water system.
 - 2. 10 points will be assigned if the system has one or more improperly constructed wells.
- B. **Distribution system reliability** (maximum 20 points).
 - 1. 10 points will be assigned if the system has water loss that exceeds 10 percent of the drinking water produced by the system.
 - 2. 10 points will be assigned if the distribution system is anticipated to exceed design capacity or useful facility life within the next 5 years.
 - 3. 10 points will be assigned if the distribution system has faulty waterlines or substandard waterline materials.
 - 4. 5 points will be assigned if the public water system requires additional system isolation and flushing measures.
 - 5. 5 points will be assigned if the public water system requires looping of waterlines.
- C. **Disinfection** 15 points will be assigned if a public water system is unable to maintain a disinfectant residual at all points in its distribution system.
- D. **Storage Facilities** 10 points if a system has storage facilities in poor condition.

E. Reliability of service

1. 10 points will be assigned if a system has water storage capacity that is less than 1 day's average use.
2. 5 points will be assigned if a system lacks adequate standby power.

F. Design considerations (maximum 20 points).

1. 20 points will be assigned if the source or treatment facility is anticipated to exceed its useful life or if the demand is expected to exceed its design capacity within the next 5 years.
2. 20 points will be assigned if a system has suffered significant degradation of the quality of the raw water supply.
3. 20 points will be assigned if a system has suffered significant degradation of the quality of finished water in storage.
4. 10 points will be assigned if a system currently does not meet existing state requirements for the treatment or storage of waste residues generated by the water treatment plant.

G. Useful Life of Disinfection or Turbidity 20 points will be assigned if the treatment facility(ies) for required disinfection or turbidity removal are severely deteriorated and beyond the facility's useful life.

H. Vulnerability

1. 10 points will be assigned to a water system whose source is vulnerable to natural disasters (such as flood or drought) or contamination.
2. 10 points will be assigned to a water system whose treatment plant is vulnerable to natural disasters (such as flood, earthquake, etc.) or contamination.
3. 10 points will be assigned if the proposed project cost is for repair or replacement of an existing public water system damaged or destroyed by a natural disaster. In order to be assigned these points, the project must be located in an area declared a federal or state natural disaster area, and a description of the public water system damaged or destroyed by the natural disaster must be submitted along with a statement that other state or federal disaster relief is not sufficient to meet the costs of the project.

IV. Affordability (priority points are applied in this category only to the projects of publicly owned water systems).

A. Determining Annual Median Household Income The state's annual median household income level must be determined from the latest decennial census of the United States. The system's annual median household income level must be determined from the county, city, village, town's income data from the latest decennial census of the United States, or from an income survey overseen by a state or federal agency.

1. A community water system will use the annual decennial median household income for the appropriate political subdivision or subdivisions encompassing its service area.
2. A non-municipal community water system will use the annual decennial median household income for the smallest political subdivision encompassing the nonmunicipal community water system.

B. Assignment of Affordability Points (maximum 35 points).

1. 20 points will be assigned to a project if the median household income of the applicant is less than or equal to 75 percent of the state median household income as reported in the most recent decennial census.
2. 1 to 25 points will be assigned based on the ratio of the current monthly water bill for 5,000 gallons of water to the monthly median household income for the project area to be served (expressed in percent times 10 and rounded to the nearest whole number).

For example: Monthly water bill = \$20 Annual median household income = \$24,000
Monthly median household income = \$24,000/12 = \$2,000 (\$20/\$2,000) x 100% = 1%
1 x 10 = 10 points.

V. Regionalization, Interconnection, and Security

A. Interconnection

1. 20 points will be assigned for systems affected by drought for projects that will result in interconnections with other systems or for upgrades to existing systems to address drought-related problems.
2. 20 points will be assigned to address systems prone to flooding that will result in interconnections with other systems or for upgrades to existing systems to address flood-related problems.
3. 20 points will be assigned if the proposed project provides an interconnection from a primary water system that allows it to provide service to a system with compliance issues.

B. Consolidation

1. 20 points will be assigned if the proposed project provides necessary infrastructure upgrades to a primary water system, allowing it to continue or expand service as a regional water supplier.
2. 20 points will be assigned for consolidation of public water systems, where at least one of the systems has demonstrated technical, managerial, and financial capacity with respect to the national primary drinking water regulations. This would include newly formed regional water suppliers (generally water districts), which will allow small water systems within their boundaries to consolidate.
3. 20 points will be assigned if the proposed project will result in a new water distribution system or existing distribution system upgrade to meet the standards of a regional water supplier for the purpose of consolidation.
4. 10 points will be assigned for consolidation of public water systems where the proposed project will result in a regional management system responsible for the day-to-day operation of the water system, where the management system has the required technical, managerial, and financial capacity to meet the national primary drinking water regulations. If the project meets the criteria for the points under item V.B.3., points under these criteria will not be awarded.

- C. **Security** 10 points will be assigned for eligible security measures, including vulnerability assessments, emergency response plans, fencing, security cameras, and lights, motion detectors, secure chemical and fuel storage, security hatches and access panels, cross-connection control, and supervisory control and data acquisition (SCADA).

VI. Technical, Managerial, and Financial Capacity Demonstration

- A. **Wellhead and Source Water Protection** 10 points will be assigned to applicants who have a Department-approved wellhead or source water protection plan.
- B. **Board Member or City Council Member Training** 10 points will be assigned if 50 percent of the governing body has received training related to the operation and management of the water utility.
- C. **Operation and Maintenance Plan** 10 points will be assigned if the system has a complete operation and maintenance plan.
- D. **Asset Management** 10 points will be assigned if the system has completed an asset inventory, including the condition and age of assets, for all critical assets in their system and has incorporated replacement schedules into annual and capital improvement budgets.

VII. Emerging Contaminates

- A. 25 points will be assigned if any perfluoroalkyl or polyfluoroalkyl substances have been detected in the source water.
- B. 20 points will be assigned for any contaminant detected from any of EPA's Contaminant Candidate Lists for which EPA has not promulgated a National Primary Drinking Water Regulation for.

VIII. Lead Service Line Replacements

- A. 25 points will be assigned if the applicant has had Action Level Exceedances or Trigger Level Exceedances for Lead over the last 5 years.
- B. 20 points will be assigned if the applicant has service lines which have not been replaced since 1989.

SDWA Compliance Priority Points: Existing and Anticipated Regulations

Maximum Contaminant Levels (MCL) and Treatment Technique Requirements. Acute Risk Contaminants

10 CSR 60-4.022 (or Missouri State Revised Total Coliform Rule in effect at the time of application) Maximum Microbiological Contaminant Levels and Monitoring Requirements, subsections (7)(A) and (7)(B).

10 CSR 60-4.030 Maximum Inorganic Chemical Contaminant Levels, Action Levels, and Monitoring Requirements, paragraphs 13, 14, and 15 of subsection (l)(A).

10 CSR 60-4.050 Maximum Turbidity Contaminant Levels and Monitoring Requirements, subsections (2)(A) and (2)(B).

Treatment Technique Requirements

10 CSR 60-4.025 Ground Water Rule, section (4).

10 CSR 60-4.050 Maximum Turbidity Contaminant Levels and Monitoring Requirements, section (2).

10 CSR 60-4.052 Source Water Monitoring and Enhanced Treatment Requirements, sections (1) and (2).

10 CSR 60-4.055 Disinfection Requirements, subsection (l)(A), section (2), section (3), section (4), section (5) and section (6).

10 CSR 60-4.094 Disinfectant Residuals, Disinfection Byproduct Precursors and the Stage 2 Disinfectants/Disinfection Byproducts Rule.

10 CSR 60-15.010 General Requirements (lead and copper), sections (4), (5) and (6). Non-Acute Primary MCL.

10 CSR 60-4.030 Maximum Inorganic Chemical Contaminant Levels, Action Levels, and Monitoring Requirements, section (1).

10 CSR 60-4.040 Maximum Synthetic Organic Chemical Contaminant Levels and Monitoring Requirements, section (1).

10 CSR 60-4.060 Maximum Radionuclide Contaminant Levels and Monitoring Requirements, subsections (1)(A)-(D).

10 CSR 60-4.100 Maximum Volatile Organic Chemical Contaminant Levels and Monitoring Requirements, section (2).

Secondary MCL

10 CSR 60-4.070 Secondary Contaminant Levels and Monitoring Requirements, section (1).

New and Anticipated Federal Regulations

None at this time.

Appendix 6: Drinking Water State Revolving Fund Engineering Report Grants

The application and instructions are available online at <https://dnr.mo.gov/document-search/drinking-water-engineering-report-grant-application-mo-780-2912>.

Purpose

The purpose of this funding is to assist small communities with engineering costs to plan for drinking water system improvements related to compliance and ability to provide safe drinking water, including compliance with the national primary drinking water regulations and the Missouri Public Drinking Water Regulations. Funding comes from the DWSRF capitalization grant's additional subsidization allocation.

Description

Eligible systems may receive an 80 percent grant with a 20 percent recipient match, not to exceed a maximum grant amount of \$30,000.

Eligible systems that meet the definition of a disadvantaged community may receive up to 100 percent of the costs for engineering report services, not to exceed a maximum grant amount of \$37,500. DWSRF regulations define a disadvantaged community as one that has a population of 3,300 or less, whose decennial median household income is at or below 75 percent of the state average, and whose user rates are at or above 2 percent of the decennial median household income.

Eligible applicants

The grant is available for municipalities, counties, public sewer or water districts, political subdivisions, or instrumentalities of the state operating a community water system for three types of projects:

1. The applicant serves a population equal to or less than 3,300 and proposes to plan improvements necessary to provide safe drinking water.
2. The applicant, of any size, proposes to develop a plan to provide safe drinking water to a group of households that are currently using wells that produce unsafe drinking water, e.g. wells are contaminated with a substance at concentrations that exceed the Maximum Contaminant Level.
3. The applicant, of any size, proposes to develop a plan to extend service to a small public drinking system with a population of under 3,300.

In order to be eligible, the applicant must: 1) submit a complete application; 2) have no outstanding fees due to the Department; 3) not already have an engineering report for the same issues; and 4) agree to make a good faith effort to pursue the recommendations contained in the approved engineering report.

Selection Process

The Department prioritizes applications on a first-come, first-served basis as long as funds remain available.

Grant Timeframe

It is important that any community who wishes to apply for this funding opportunity submit their application early in the project planning process. Early application and communication with the Department on each step are imperative to ensure the project meets all state and federal funding requirements. Engineering report projects that the applicant has already started are not eligible for funding through this program.

Once the grant is awarded, the recipient has 6 months for the engineering report to be completed and approved by the Department. Funding provided under this program shall only be used as reimbursement of expenses for services provided during the project's budget period. The Department will hold the final 10 percent of the reimbursement until the report has been approved by the Department. The complete engineering report must be submitted to the Department for review and approval no later than 60 days prior to the end of the budget period of the award. This ensures adequate time is allowed for a response to comments. No payments may be made to the recipient for engineering expenses incurred after the budget period has expired without an amendment to the grant.

Recipients should wait for notice from Financial Assistance Center to initiate work under this grant in order to ensure all costs incurred are reimbursable.

Cost Eligibility

Eligible costs are those that are directly incurred in the development of the engineering report. This includes the cost of engineering services, investigations, and other services incurred in preparation of the engineering report. The costs:

- Must result in an engineering report that makes reasonable and cost-effective recommendations that will meet the Missouri drinking water law requirements.
- May include other items deemed reasonable, necessary, and allocable to the project.
- Must be within the Department-approved scope of the project.

Ineligible costs include, but are not limited to:

- Any engineering services completed prior to the award.
- Preparation of the engineering report grant application.
- Ordinary operating expenses of the recipient including salaries and expenses of elected and appointed officials, and preparation of routine financial reports and studies.
- Preparation of applications and permits required by federal, state, or local laws, regulations, or procedures.
- Preparation of applications for future funding for work following the engineering report.
- Administrative, engineering, and legal activities associated with the establishment of special departments, agencies, commissions, regions, districts, or other units of government.
- Fines and penalties due to violations of, or failure to comply with, federal, state, or local laws, regulations, or procedures.
- Force account labor including engineering.
- Costs outside the scope of the Department-approved project.



Financial Assistance Center

PO Box 176 • Jefferson City, MO 65102-0176
573-751-1192 • fac@dnr.mo.gov • dnr.mo.gov